
By: **Delegate Eckardt**

Rules suspended

Introduced and read first time: March 23, 2004

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Dorchester County - Hotel Sales Tax - Chesapeake Bay Conference Center**

3 FOR the purpose of establishing a Dorchester County Economic Development Fund in
4 the Maryland Economic Development Corporation; requiring that the Fund be
5 used for a certain purpose relating to the Chesapeake Bay Conference Center;
6 providing for the administration of the Fund; imposing a supplemental sales
7 and use tax under certain circumstances in Dorchester County on the sale of a
8 right to occupy a room or lodgings as a transient guest in an establishment that
9 offers a certain number of rooms; establishing the rate of the tax; providing for
10 the distribution of revenues to the Fund; and generally relating to imposing a
11 supplemental sales and use tax in Dorchester County on the sale of a right to
12 occupy a room or lodgings as a transient guest.

13 BY renumbering

14 Article 83A - Department of Business and Economic Development
15 Section 5-216
16 to be Section 5-217
17 Annotated Code of Maryland
18 (2003 Replacement Volume)

19 BY adding to

20 Article 83A - Department of Business and Economic Development
21 Section 5-216
22 Annotated Code of Maryland
23 (2003 Replacement Volume)

24 BY repealing and reenacting, with amendments,

25 Article - Tax - General
26 Section 2-1303 and 11-102
27 Annotated Code of Maryland
28 (1997 Replacement Volume and 2003 Supplement)

1 BY adding to
2 Article - Tax - General
3 Section 11-104(e)
4 Annotated Code of Maryland
5 (1997 Replacement Volume and 2003 Supplement)

6 Preamble

7 WHEREAS, The Maryland Economic Development Corporation financed a
8 project commonly known as the Chesapeake Bay Conference Center, creating a
9 luxury destination resort on Maryland's Eastern Shore; and

10 WHEREAS, The project was designed to promote jobs and economic
11 development in Dorchester County; and

12 WHEREAS, The initial success of the project has resulted in expanded
13 tourism, new job creation, and an insurgence of economic energy to the region; and

14 WHEREAS, Additional funding is necessary to continue to fulfill the mission
15 of the project and to usher in expanded growth to Dorchester County; now, therefore,

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
17 MARYLAND, That Section(s) 5-216 of Article 83A - Department of Business and
18 Economic Development of the Annotated Code of Maryland be renumbered to be
19 Section(s) 5-217.

20 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
21 read as follows:

22 **Article 83A - Department of Business and Economic Development**

23 5-1701.

24 (A) THERE IS A DORCHESTER COUNTY ECONOMIC DEVELOPMENT FUND IN
25 THE CORPORATION.

26 (B) THE FUND SHALL BE USED TO COMPLETE THE MARYLAND ECONOMIC
27 DEVELOPMENT CORPORATION PROJECT, COMMONLY KNOWN AS THE CHESAPEAKE
28 BAY CONFERENCE CENTER, AND TO SATISFY THE FULL AND FINAL SETTLEMENT OF
29 THE PENDING CONSTRUCTION CLAIMS RELATED TO THE PROJECT AND ANY BONDS
30 ISSUED IN CONNECTION WITH SUCH CLAIMS.

31 (C) THE CORPORATION SHALL MANAGE AND ADMINISTER THE FUND ON
32 TERMS AND CONDITIONS ACCEPTABLE TO THE CORPORATION AND THE
33 DEPARTMENT.

34 (D) (1) THE FUND IS A CONTINUING, NONLAPSING FUND THAT IS NOT
35 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

1 (2) THE COMPTROLLER SHALL ACCOUNT AND COLLECT FOR THE FUND
2 AND DISBURSE THE REVENUES TO THE TRUSTEE MAINTAINING THE FUND FOR THE
3 CORPORATION.

4 (3) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE PAID INTO
5 THE FUND.

6 (E) THE FUND SHALL CONSIST OF REVENUES FROM THE SUPPLEMENTAL
7 SALES AND USE TAX IMPOSED UNDER § 11-102(B) OF THE TAX - GENERAL ARTICLE.

8 (F) THE FUND MAY BE PLEDGED BY THE CORPORATION TO PAY BONDS OF
9 THE CORPORATION ISSUED TO SATISFY THE FULL AND FINAL SETTLEMENT OF THE
10 PENDING CONSTRUCTION CLAIMS.

11 **Article - Tax - General**

12 2-1303.

13 After making the distributions required under §§ 2-1301 through 2-1302.1 of
14 this subtitle, the Comptroller shall pay:

15 (1) REVENUES FROM THE SUPPLEMENTAL SALES AND USE TAX INTO THE
16 DORCHESTER COUNTY ECONOMIC DEVELOPMENT FUND ESTABLISHED UNDER
17 ARTICLE 83A, § 5-216 OF THE CODE; AND

18 (2) the remaining sales and use tax revenue into the General Fund of the
19 State.

20 11-102.

21 (a) Except as otherwise provided in this title, a tax is imposed on:

22 (1) a retail sale in the State; and

23 (2) a use, in the State, of tangible personal property or a taxable service.

24 (b) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IN ADDITION TO
25 THE TAX IMPOSED UNDER SUBSECTION (A) OF THIS SECTION, A SUPPLEMENTAL
26 SALES AND USE TAX IS IMPOSED IN DORCHESTER COUNTY ON THE SALE OF A RIGHT
27 TO OCCUPY A ROOM OR LODGINGS AS A TRANSIENT GUEST IN AN ESTABLISHMENT
28 THAT OFFERS AT LEAST 380 ROOMS.

29 (2) THE SUPPLEMENTAL TAX IMPOSED UNDER PARAGRAPH (1) OF THIS
30 SUBSECTION MAY NOT BE IMPOSED IF THE MARYLAND ECONOMIC DEVELOPMENT
31 CORPORATION CERTIFIES TO THE COMPTROLLER THAT THE BONDS ISSUED BY THE
32 MARYLAND ECONOMIC DEVELOPMENT CORPORATION SECURED BY THE
33 DORCHESTER COUNTY ECONOMIC DEVELOPMENT FUND ESTABLISHED UNDER §
34 5-216 OF ARTICLE 83A OF THE CODE HAVE BEEN PAID IN FULL.

1 (C) (1) A county, municipal corporation, special taxing district, or other
2 political subdivision of the State may not impose any retail sales or use tax except:

3 (i) a sales tax or use tax that was in effect on January 1, 1971;

4 (ii) a tax on the sale or use of:

5 1. fuels;

6 2. utilities;

7 3. space rentals; or

8 4. any controlled dangerous substance, as defined in § 5-101
9 of the Criminal Law Article, unless the sale is made by a person who registers under
10 and complies with Title 5, Subtitle 3 of the Criminal Law Article; or

11 (iii) a tax imposed by a code county on the sale or use of food and
12 beverages authorized under Article 25B, § 13H of the Code.

13 (2) Paragraph (1) of this subsection may not be construed as conferring
14 authority to impose a sales and use tax.

15 11-104.

16 (E) THE RATE OF THE SUPPLEMENTAL SALES AND USE TAX IMPOSED UNDER
17 § 11-102(B) OF THIS SUBTITLE IS 2.5% OF THE TAXABLE PRICE.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
19 effect June 1, 2004.